

Message Text

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AMEMBASSY MADRID

AMEMBASSY LISBON

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S E C R E T SECTION 1 OF 2 COPENHAGEN 0181

E.O. 11652:L GDS

TAGS: PFOR, PINT, DA,US

SUBJECT: DENMARK TODAY AND TOMORROW

SUMMARY:

ANKER JORGENSEN'S MINORITY SOCIAL DEMOCRATIC GOVERN-
MENT PROMISES TO SURVIVE THROUGH 1976 AS IT STRUGGLES

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TO COPE WITH DENMARK'S ECONOMIC PROBLEMS WITH THE HELP

OF THE CENTER AND RIGHT. RECESSION IN THE DANISH ECONOMY DEPPENED IN 1975. RECOVERY DURING 1966 IS LINKED TO HOPES FOR INTERNATIONAL IMPROVEMENTS. ALTHOUGH THERE MAY BE PROBLEMS DOWN THE ROAD, PROGRESS TOWARD "HOME RULE" FOR GREENLAND APPEARS TO SATISFY METROPOLITAN DANES AND, AT LEAST FOR THE MOMENT, THE GREENLANDERS. THE DANISH GOVERNMENT USUALLY SUPPORTS THE US ON INTERNATIONAL QUESTIONS AND BACKS DETENTE, BUT IS INCREASINGLY CONCERNED OVER THE WARSAW PACT BUILD-UP. SUPPORT FOR NATO REMAINS STRONG WITH A NEW DEFENSE AGREEMENT ON THE WAY AND NEW WEAPON SYSTEMS--INCLUDING THE F-16--IN THE PIPELINE. AT LEAST IN THE SHORT TERM, THE DANES WILL BE RETICENT TOWARD FURTHER EC POLITICAL OR DEFENSE INTEGRATION. ALMOST ALL THE STICKS IN THE BUNDLE OF US RELATIONS WITH DENMARK ARE MULTILATERAL ONES AND OUTSTANDING ISSUES ARE MINOR. ATTITUDES OF THE TWO COUNTRIES DIFFER SOMEWHAT ON THE AMOUNT OF DANISH SPENDING FOR DEFENSE, THE THIRD WORLD AND DEVELOPMENTS IN SOUTHERN EUROPE. CONTINUING PERSONAL EXCHANGES BETWEEN LEADERS OF THE TWO COUNTRIES WILL REINFORCE THE CLOSE TIES BETWEEN THE US AND THIS SMALL, BUT STRATEGICALLY IMPORTANT, COUNTRY. END SUMMARY.

1. PARTY NEGOTIATIONS. AFTER PROLONGED INTER-PARTY NEGOTIATIONS, THE SOCIAL DEMOCRATIC PARTY RETURNED TO POWER IN FEBRUARY 1975 WITH ANKER JORGENSEN AS PRIME MINISTER BUT DEPENDENT ON NON-SOCIALIST PARLIAMENTARY SUPPORT. JORGENSEN HIMSELF HAS MATURED IN JUDGMENT AND BROADENED IN VISION SINCE HIS FIRST STINT AS HEAD OF GOVERNMENT IN THE 1971-73 PERIOD WHEN HIS GOVERNMENT COOPERATED WITH THE LEFT-WING SOCIALIST PEOPLE'S PARTY.

2. GOVERNMENTAL LONGEVITY. PROSPECTS FOR THE LONGEVITY OF THE JORGENSEN GOVERNMENT LOOK REASONABLY GOOD FOR THE REMAINDER OF 1976. BECAUSE OF THE PARLIAMENTARY BALANCE, HOWEVER, THE GOVERNMENT, WHICH COMMANDS ONLY 54 OF THE 179 SEATS IN THE FOLKETING, IS VULNERABLE, PARTICULARLY WITH RESPECT TO ECONOMIC ISSUES. IN AN AGILE POLITICAL MANEUVER LAST SEPTEMBER, JORGENSEN AT LEAST PARTIALLY SUCCEEDED IN DEFUSING ECONOMIC OPPOSITION.

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TION BY PASTING TOGETHER A COMPROMISE WITH MOST OF THE CENTER PARTIES.

3. ECONOMIC PROSPECTS. RECESSION IN THE DANISH ECONOMY DEEPENED IN 1975. RECOVERY OF THE HOMEBUILDING SECTOR IN THE SECOND HALF OF THE YEAR AND SOME INCREASE IN CONSUMER SPENDING DID NOT PREVENT AN OVERALL PRODUCTION DECLINE OF 2.5 PERCENT AND AN ANNUAL UNEMPLOYMENT RATE OF

5 PERCENT. WITH THE REDUCTION IN BOTH DOMESTIC AND EXPORT DEMAND, BUSINESS INVESTMENT DROPPED SHARPLY. ALTHOUGH DANISH EXPORTS DECLINED, IMPORTS DROPPED EVEN MORE, SO THAT THE DEFICIT ON FOREIGN TRADE WAS ABOUT HALVED IN 1975. HOWEVER, ONCE PRODUCTION RECOVERS, IMPORTS--AND THE PAYMENT DEFICIT--WILL GO UP, TOO. THE GOVERNMENT HAS PREPARED FOR THIS BY SECURING NEW CREDIT LINES ABROAD (INCLUDING THE US) TO BOLSTER RESERVES. THERE IS NO IMMINENT DANGER OF PRESSURE AGAINST THE DANISH KRONER, WHICH THUS FAR HAS SHOWN GREAT STABILITY WITHIN THE EUROPEAN MONETARY SYSTEM OF COOPERATION. FORECASTS OF AN ACCELERATING RECOVERY DURING 1976 ARE LINKED TO HOPES FOR INTERNATIONAL IMPROVEMENTS AND MUST BE REGARDED AS UNCERTAIN.

4. SOCIAL TRENDS. IF NOT WINDS, THERE ARE AT LEAST BREEZES OF CHANGE MURMURING IN THE AIR THAT MAY BRING WITH THEM A RESTRICTION IN THE PERMISSIVENESS WHICH HAS CHARACTERIZED DANISH SOCIETY IN THE LAST DECADE. UNSUCCESSFUL EXPERIMENTS IN UNIVERSITY EDUCATION AND ADMINISTRATION ARE BEING DISMANTLED AND PARENTS ARE INCREASINGLY CONCERNED OVER, "WHY CAN'T SVEND READ?" COPENHAGEN'S EXPERIMENT IN COMMUNAL LIVING REPRESENTED BY THE "FREE STATE" OF CHRISTIANIA IS ALSO THREATENED WITH EXTINCTION IN APRIL.

5. GREENLAND. DURING 1976, FURTHER MACHINERY IS BEING ESTABLISHED TO IMPLEMENT HOME RULE FOR GREENLAND. ALTHOUGH PROGRESS APPEARS TO BE SATISFACTORY AT THIS POINT TO ALMOST ALL ELEMENTS OF BOTH METROPOLITAN AND GREENLAND OPINION, THERE WILL PROBABLY BE PROBLEMS DOWN THE ROAD CONCERNING GREENLAND'S AFFILIATION WITH EC-9, THE STATUS OF US BASES THERE, AND, PROBABLY MOST SERIOUSLY, THE CONTROL OF THE PROFITS OF THE ISLAND'S MINERAL

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RESOURCES. THE DANES ARE CONVINCED THAT GREENLAND WILL FOREVER REMAIN AN "INTEGRAL" PART OF THE KINGDOM, BUT GREENLANDERS WILL MAKE DEMANDS WHICH WILL ENTAIL FINANCIAL, IF NOT POLITICAL, CONCESSIONS.

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FM AMEMBASSY COPENHAGEN

TO SECSTATE WASHDC IMMEDIATE 2080

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6. FOREIGN POLICY. INTERNATIONALLY, DENMARK, WHICH DOES NOT PURSUE AN AGGRESSIVE OR PARTICULARLY INDEPENDENT FOREIGN POLICY, USUALLY CONCURRED IN US (AND EC) POLICIES AND LARGELY SUPPORTED THE US IN UN AND OTHER INTERNATIONAL AGENCIES. SUPPORT FOR DENMARK'S NATO COMMITMENT REMAINS VIRTUALLY UNQUESTIONED EXCEPT FOR THE SMALL PARTIES OF THE FAR LEFT. A NEW DEFENSE AGREE-
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MENT WILL BE CONCLUDED THIS YEAR WITH A STRONG MAJORITY BEHIND IT. THE DANES BACK DETENTE BUT GOVERNMENT LEADERS ARE NOT BEMUSED BY IT AND ARE VOICING INCREASING CONCERN OVER THE MILITARY BUILDUP OF THE WARSAW PACT, PARTICULARLY THE OFFICIOUS MANEUVERS OF

PACT WARSHIPS IN THE BALTIC, CLOSE TO DENMARK.

7. "NORDIC UNITY" WILL REMAIN AN ATTRACTIVE BUT LARGELY POLITICALLY-EMPTY SLOGAN. ALTHOUGH VOTING WITH THE US AGAINST PLO REPRESENTATION IN THE SECURITY COUNCIL DEBATE ON THE MIDDLE EAST, DENMARK WILL SEEK ACCOMMODATION WITH THAT ORGANIZATION'S ASPIRATIONS ON THE CONDITION THAT THE INTEGRITY OF THE STATE OF ISRAEL BE PRESERVED. THE DANES WILL REMAIN MORE ROMANTIC THAN THE US ON THIRD WORLD QUESTIONS.

8. VIS-A-VIS SOUTHERN EUROPE, DENMARK WILL BE CAUTIOUS BEFORE AGREEING TO NEW RELATIONS BETWEEN SPAIN ON THE ONE HAND AND NATO AND THE EC ON THE OTHER. THE DANES WILL SUPPORT, AND REMAIN GUARDEDLY OPTIMISTIC OVER, ADVANCES BY THE DEMOCRATIC FORCES IN PORTUGAL. DANISH LEADERS RECOGNIZE THE DANGERS IN DEALS WITH SOUTHERN EUROPEAN COMMUNIST PARTIES. IN THE CASE OF ITALY, HOWEVER, THE DANES FEAR THAT AN INCREASED COMMUNIST VOICE IN GOVERNMENT IS PROBABLY INEVITABLE, BUT PLACE THE BLAME ON CHRISTIAN DEMOCRATS RATHER THAN ON THE PSI.

9. POLITICAL RELATIONS WITH EC. DENMARK WILL CONTINUE TO BE RETICENT TOWARD POLITICAL AND DEFENSE INTEGRATION. THE DANES WILL HAVE DIFFICULTY WITH THE PARTS OF THE TINDEMANS' REPORT WHICH APPEAR TO DEROGATE DENMARK'S SOVEREIGNTY AND TRANSFER EUROPEAN SECURITY RESPONSIBILITY FROM NATO TO THE EC. THERE IS EVIDENCE, HOWEVER, THAT THE SOCIAL DEMOCRATS ARE MOVING TO JOIN THE MAJORITY OF THEIR PARLIAMENTARY COLLEAGUES WHO FAVOR INCREASED EC POLITICAL COOPERATION.

10. DANISH ARMED FORCES. THE DANISH MILITARY FORCES ARE MODESTLY ADVANCING TOWARD NATO FORCE GOALS
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BUT SIGNIFICANT DEFICIENCIES REMAIN. VISIBLE PROGRESS, HOWEVER, IS BEING MADE IN HARDWARE MODERNIZATION, AFTER A PROTRACTED AND SOMETIMES TORTUOUS COURSE, THE DANES DECIDED TO BUY THE F-16. DELIVERY OF LEOPARD TANKS IS COMMENCING IN 1976, NEW PATROL BOATS ARE UNDER CONSTRUCTION, AND IMPROVED MISSILE SYSTEMS (INCLUDING THE HARPOON) ARE IN TRAIN.

11. SOCIAL DEMOCRATS. THE JANUARY 18-19 MEETING HERE OF WESTERN EUROPEAN SOCIAL DEMOCRATIC LEADERS, WHICH WILL ADDRESS MANY OF THE QUESTIONS MENTIONED ABOVE, IS TYPICAL OF INCREASING ATTEMPTS BY THESE

LEADERS TO AGREE AMONG THEMSELVES NOT ONLY ON TOPICAL PROBLEMS BUT ALSO ON THE FUTURE COURSE OF EUROPEAN SOCIAL DEMOCRACY.

12. US-DANISH RELATIONS. ALMOST ALL OF THE STICKS IN THE BUNDLE OF US RELATIONS WITH DENMARK ARE MULTI-LATERAL ONES AND OUTSTANDING ISSUES ARE MINOR. THE TERMINATION OF US INVOLVEMENT IN SOUTHEAST ASIA CLOSED THE SUBJECT OF GREATEST US-DANISH DIFFERENCES. ATTITUDES OF THE TWO COUNTRIES WILL CONTINUE TO DIFFER SOMEWHAT ON THE AMOUNT OF DANISH SPENDING FOR DEFENSE (ALTHOUGH ACHIEVEMENT OF DEFENSE AGREEMENT DESERVES COMMENDATION); THE THIRD WORLD; AND ATTITUDES TOWARD DEVELOPMENTS IN SOUTHERN EUROPE.

13. TOP-LEVEL VISITS. PERSONAL EXCHANGES BY LEADERS OF THE TWO GOVERNMENTS--SUCH AS JORGENSEN'S NOVEMBER RECEPTION IN THE US BY THE PRESIDENT AND THE SECRETARY--ARE OF CONSIDERABLE MUTUAL INTEREST: THE DANES GAIN INTERNATIONAL STATURE, AND THE US GAINS BETTER UNDERSTANDING OF ITS POLICIES. THE SECRETARY'S TRIP HERE JANUARY 20 AND THE QUEEN'S VISIT TO THE US IN MAY WILL REINFORCE THE CLOSE TIES BETWEEN THE US AND THIS SMALL, BUT STRATEGICALLY IMPORTANT, COUNTRY.
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